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FBI Chief Queried on Meese Role

Counsel Walsh Probes Initial Inquiry Into Iran-Contra Affair

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Investigators for independent counsel Lawrence E. Walsh recently interviewed FBI Director William H. Webster as part of an investigation of Attorney General Edwin Meese III's handling of the Iran-contra affair, according to informed sources.

Walsh's staff is investigating Meese's activities, including the five-day fact-finding inquiry he conducted last November that led to the revelation that funds generated by arms sales to Iran had been diverted to aid the Nicaraguan contras, the sources said. Walsh's inquiry was prompted by the discovery that key White House documents were destroyed or altered while Meese was conducting his inquiry.

Webster was interviewed about his personal dealings with Meese on matters related to the Iran-contra affair, including Meese's failure to accept Webster's offer of FBI help in his initial inquiry—subjects on which the FBI director is expected to be questioned closely today when the Senate Select Committee on Intelligence begins hearings on his nomination to head the Central Intelligence Agency.

An informed source predicted that when senators question Webster on his failure to insist that the Federal Bureau of Investigation participate in the original Meese inquiry, Webster will adopt "the defense of the shunned lover" before the intelligence panel, explaining: "He offered the services of the bureau [last Nov. 21] when the attorney general began his inquiry and the phone never rang."

The prospect of senatorial questioning on these subjects created a potential problem for Webster, because he was personally involved in matters now formally under investigation by the independent counsel. Recognizing this, Webster asked Walsh to authorize him to testify at his confirmation hearing about his conversations with Meese, the Justice Department and the White

House, the sources said. Walsh said Webster could testify about those matters on which he had firsthand knowledge, the sources said.

However, sources said, Webster might decline to answer some questions if the committee tries to use his confirmation hearing to conduct a full-scale investigation of his current boss, the attorney general. Webster has told several senators that he enjoys good personal relations with Meese.

Webster has answered written questions from the Senate intelligence committee that focus on the Meese inquiry and the 20-day delay Meese requested on a probe involving Southern Air Transport Inc., an airline connected to the contra resupply channel and the Iran arms sales. Senators are also planning to question Webster on a range of other subjects, from the Abscam investigation to the FBI's background check of former labor secretary Raymond J. Donovan, now on trial in New York on fraud and grand larceny charges.

Democratic and Republican sources said they expected Webster to win confirmation after what is expected to be a vigorous, in-depth interrogation today and at a possible second day of testimony in closed session.

Sen. William S. Cohen (R-Maine), vice chairman of the intelligence panel, said yesterday, "I don't see a major problem." Sen. George J. Mitchell (D-Maine), a member of the select committee investigating the Iran-contra affair, also predicted that Webster will win confirmation.

Said one committee member, "It's a barometer. If Webster, who has a long-established reputation of rectitude, can't get confirmed, probably no one can."

Webster was nominated for the CIA post after President Reagan's first choice for the job, Robert M. Gates, asked that his nomination be withdrawn after numerous senators raised questions about his actions as deputy to William J. Casey, who had to step down as CIA director after surgery for a cancerous brain tumor.

According to several administration and congressional sources, Webster will have to thread his way through the confirmation hearings carefully, maintaining support for

Meese while not embracing the controversial Meese inquiry.

One Democratic participant in last year's intelligence committee investigation of the Iran-contra affair said that Meese's November inquiry, conducted at Reagan's request, appeared to be "deliberately incompetent" because Meese, the chief law enforcement officer of the nation, insisted on speaking informally to those he interviewed. He failed to remind key figures, including then-National Security Council aide Lt. Col. Oliver L. North and the then-national security adviser, Rear Adm. John M. Poindexter, of their constitutional rights, and he made no formal record of the interviews.

A Republican senator called the Meese inquiry "less than professional . . . the real problem is that North shredded evidence while the attorney general was in charge of the inquiry, [and] standard safeguards were not employed." Fawn Hall, North's former secretary, has testified that she and North shredded and altered sensitive documents hours after Meese began his informal probe on Nov. 21.

Meese began his inquiry after Secretary of State George P. Shultz, in a tense meeting with Reagan, said that then-CIA Director Casey was about to give incorrect testimony to the Senate intelligence panel on the Iran-contra affair. Shultz warned that the administration did not have its story straight, which led Reagan to ask Meese to look into the matter.

Justice Department spokesman Terry H. Eastland said yesterday that Meese "has had no indication" that he is a subject of Walsh's investigation, and said Walsh's office had made no attempt to interview Meese.

"It was the attorney general's effort that weekend [last Nov. 21-23] that succeeded in bringing to light the fact of the diversion of funds to the contras," Eastland said. "The attorney general was instrumental in getting to the bottom of the basic issues."

Asked if Meese had retained a lawyer to represent him in the matter, Eastland said he did not know. The spokesman had no comment on other aspects of Meese's conduct that are under scrutiny, including his request to Webster to delay the FBI investigation of Southern Air Transport.

A spokesman for Walsh declined comment last night.

Meese's closed-door testimony to the intelligence committee during its investigation of the Iran-contra affair late last year is expected to be released today.

Senators are also planning to question Webster about an FBI investigation into possible illegal spending in a portion of the Reagan administration's \$27 million non-lethal aid program for the contras that began last July. That inquiry, like the one into Southern Air, was held up last Oct. 30, sources have disclosed.

Democratic and Republican members of the intelligence committee are looking for a way to ensure that Webster, as director of the CIA, will keep them fully and currently informed of covert or other sensitive intelligence activities, and they are expected to attempt to obtain a public pledge from him. Invoking an ambiguity in the law, Reagan last year withheld notice to the committee of the secret arms sales to Iran for 10 months.

Webster, sources said, learned last summer of the secret presidential finding authorizing arms sales to Iran, but did not ask Meese at the time whether Congress had been notified of the finding.

An FBI spokesman said last night, "We've been gathering all the evidence down to the minutest detail for both the Congress and the independent counsel. It will all be clear tomorrow."

Staff writers Howard Kurtz, George Lardner Jr. and Walter Pincus and researcher Barbara Feinman contributed to this report.



WILLIAM H. WEBSTER

... close questioning by senators expected